

Victoria Management School

MMBA 516 CORPORATE FINANCE

Trimester Two 2009

COURSE OUTLINE

Lecturer and Course Co-ordinator



Martin Turner

B.Com (Hons 1 and University Medal), LLB, MBA

Senior Fellow

Office: RH 712, Pipitea Campus
7th Floor, Rutherford House

Phone: 04 463 6591

Mobile: 021 476 200

E-mail: martin.turner@vuw.ac.nz

Preferred Contact Method: Email

Office Hours: By appointment

Martin Turner is your lecturer for the Course. He combines extensive experience as a practitioner ('doing') with being an academic ('thinking'). He is a Senior Fellow in the School of Accounting and Commercial Law and has 20 years experience in investment banking, funds management and private equity. He has been chairman or director of a number of mid-size private companies, including Arthur Ellis (Fairydown/Great Outdoors), Donaghys and Dress-Smart. He is a director of Falcon Private Equity and a past chairman of the New Zealand Venture Capital Association. One of his dreams is to meaningfully support people to develop the intellectual and academic foundations for business.

Programme Administrator

Linda Walker

Office: RH 1004, Pipitea Campus
10th Floor, Rutherford House

Phone: 04 463 5367

E-mail: linda.walker@vuw.ac.nz

Lectures: Wednesday 17:40-19:30 GBLT 4
Teaching Period: Monday 13 July to Friday 16 October 2009

I expect everyone to attend all, or almost all, lectures in the course. Please let me know in advance if you expect to be late or absent to any class. I would like to see our classes develop into an environment where prepared and motivated people come together to learn from and with each other.

End of Year Study Period: Monday 19 October to Monday 26 October 2009
Examination Period: Tuesday 27 October to Saturday 14 November 2009 (inclusive)

Note: Students who enrol in courses with examinations should be able to attend an examination at the University at any time during the formal examination period. The course has a three-hour final examination. Only calculators that are non-programmable will be permitted in the final examination.

Withdrawal dates: Information available via
<http://www.victoria.ac.nz/home/admisenrol/payments/withdrawalsrefunds.aspx>

Course Description

Corporate Finance gives you an opportunity to critically examine some finance concepts and ideas and to see how they might be useful to firms when making investing and financing decisions. While recognising these decisions can be made from the perspective of a range of different people with genuine interests in a firm, we will take the perspective of equity investors. We will also consider the value of these finance concepts and ideas to our capital markets and communities, as well as to ourselves.

The main product to be assessed is a three-hour final examination, which will be held in the examination period. This will give you the opportunity to demonstrate your *understanding* of the key finance concepts and ideas we will discuss in this course and how they are relevant and can be applied to the real world of business. In addition, you will be assessed on your preparation for our classes by completing a series of session preparation assignments (SPA's).

Learning Objectives

This section sets out what your lecturer in this course would like you to learn. The actual learning objectives of the course for you will be the objectives *you* have.

In this course you will have the opportunity to understand and remember some key concepts, principles, relationships and facts about corporate finance and how they can be useful in business. However, this course is not essentially about this. This course is about giving you the opportunity to actively search for your own *understanding* and to develop your own *personal meaning* of some key concepts and ideas of finance and to organise these key ideas into a coherent and meaningful whole; and in this way to change the way you think about, see and understand aspects of what *business* is really about.

If you would like to meet me over a coffee in a year's time to give me feedback on what you have taken away (and not taken away) from this course, I will pay for the coffee.

In this course you may need to change the way you view what learning is. You will need to do this right at the *beginning* of the course. Right now. Learning is not about adding new 'facts' and 'concepts' to my memory that come from some 'authoritative' source, such as from my university lecturers or from the writers of a textbook. It is not about adding to my memory 'facts' and 'concepts' which I more than likely have very little understanding of, or even interest in. Rather, learning is about me being personally *transformed* in some way. It is about *change*. Learning about finance is about changing the way I view aspects of what business is about in the light of my own *understanding* of the ideas and concepts of finance. This can be unsettling, challenging and fun. Once started, it is an adventure from which there can be no turning back.

Let's now look at the assessment structure for the course.

Assessment

Final Examination	50%
Seminar Preparation Assignments (SPAs) (5@ 10% each)	<u>50%</u>
Total	100%

All students will have the opportunity in the course to develop questions for the final examination. It is anticipated about half of the questions in the final examination will be based on those prepared by students in the course. There are no mandatory course requirements for this course.

Estimated Course Workload

These figures represent my (Martin Turner's) best (maximum) estimates:

1. 24 hours engaging actively in lectures (12 @ 2 hours)
2. 30 hours preparing Session Preparation Assignments (SPA's) (5 @ 6 hours)*
3. 38 hours reading, responding to course related Blackboard postings, completing student surveys and other interactions with students (that is, about 3 hours per week over 12 weeks)
4. 28 hours preparing for and sitting the Final Examination

Total 120 hours (or 10 hours per week over 12 weeks)

* For students with English as their first language. For students with English as their second language, you could expect to spend a maximum of 8 hours for each SPA.

Note: Since each of us works at an individual pace, the above estimates for 2, 3 and 4 should be considered as rough guidelines only. Many students will no doubt be able to complete this work in less time. Some may take more time for some of these tasks.

This course is a 15 point course. The university says you can generally expect a workload of about 10 hours per point. This would indicate a total workload of 150 hours for this course. It is not expected that any student should need to exceed this amount.

The Course is over 12 weeks, with a 2 week Mid-Trimester Break. It is likely you will need to continue working on this Course during the Mid-Trimester Break.

Student Surveys and Evaluations of Teaching

Your feedback at various stages in this course is important for me to be able to provide the best possible environment for you to learn. You will have a number of opportunities to contribute to group-wide feedback. These are:

Student Survey	When	Due Date
Pre-Course Survey	Week 1	5.00pm Fri 17 July
Informal Feedback on Learning Environment	Week 5	5.00pm Thurs 13 Aug
Post-Course Survey	Week 12	5.00pm Fri 16 Oct

All student surveys are reasonably brief and can be completed by students electronically on Blackboard. All student responses will be anonymous. Whether or not a student has or has not completed each survey will be visible to Martin Turner.

In addition there will be a Formal Student Evaluation that I expect will be completed by students in class at the beginning of the lecture on Wednesday 30 September in Week 10.

Your individual feedback at any time would be valuable and appreciated. This can be provided directly to me or through your class representative. Your class representative will be appointed in the first week of the Trimester and their contact details will be included on Blackboard.

Readings

Required:

- Brealey, R. A., Myers, S. C. and F. Allen, *Corporate Finance*, 9th ed., International Edition, McGraw-Hill Irwin, 2008.
- Course Materials Book: Available from Linda Walker, Room RH1004.

Recommended:

- Graham, B.J. and Dodd, D.L., *Security Analysis: Principles and Technique*, 2nd ed. Mc Graw-Hill Book Company New York and London. 1940.

Call Number: HG4521 G738 S 2ed 2003 (1 copy). The recommended reading is available on 3 Day Closed Reserve in the Commerce Library.

SPAs

Your SPAs are to be lodged electronically on Blackboard. If you have any difficulty with this, please contact Martin Turner for assistance. If you have not electronically lodged assignments through Blackboard before you may find you need some assistance initially. You are strongly advised to plan to submit your SPA#1 at least a few hours before the deadline. This will give you time to seek assistance from Martin Turner if you have difficulty electronically lodging your SPA. Martin will be available on his mobile during the afternoon and evening (up to 11.00pm, but not later please) of Tuesday 21 July. **You may attach your SPA#1 to an email to Martin Turner prior to the deadline if you have difficulty electronically lodging your SPA#1 to avoid any penalty for late submission.** However, if you do this you will still need to electronically lodge your SPA#1 for it to be graded. It is expected all students will have mastered the process of electronically lodging your SPAs by the end of Week 2.

Penalty for late submission of your SPAs:

Up to 1 week late: Deduct 1% from grade.

Between 1 and 2 weeks late: Deduct 2% from grade.

SPAs submitted more than 2 weeks late will not be accepted.

If you have a medical or other reason for late submission of a SPA please contact Martin Turner by email before the due date.

Each of your SPAs will be thoroughly read and reviewed by Martin Turner. You will be given a grade for each of your SPAs. You can confidentially access your personal grades on Blackboard and compare them with the average for students in the course.

Victoria MBA Grading Standards

Excellent Category

A- (75-79%) to A (80-85%) to A+ (85 % and above): The learning is demonstrated to a very high level of proficiency, i.e. it is at a standard that makes it exceptional at Master's level.

Very Good Category

B+ (70-74%): The learning is demonstrated at a high standard. Students have reached a level that clearly exceeds "competency".

Good Category

B (65-69%): The learning is clearly demonstrated without being exceptional in any way. Students can be thought of as fully competent.

Satisfactory Category

B- (60-64%): The learning is demonstrated without being exceptional in any way. Students can be thought of as competent.

Marginal Category

C (50-54%) to C+ (55-59%): The learning is demonstrated to a minimally acceptable level. There may be flaws but these are not serious enough to "fail" the student.

Unsatisfactory / Failure Category

E (0-39%) to D (40-49%): The learning is absent or performed to a very low level, or the performance is seriously flawed.

Referencing

There are many different styles of referencing and the Faculty of Commerce & Administration at VUW has decided to make APA (American Psychological Association) referencing style the common standard across the Faculty. The Commerce and Central Libraries hold the APA Style Guide. You can also access the information from the online VUW library site (<http://www.vuw.ac.nz/library/resources/virtualref.shtml#style>).

Communication of Additional Information

Additional information and information on any changes will be announced at class and posted on Blackboard for MMBA516. It will be crucial for you to regularly check Blackboard for messages, announcements and materials.

For the following important information follow the links provided:

Academic Integrity and Plagiarism

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies and Statutes

<http://www.victoria.ac.nz/home/about/policy/academic.aspx>

Faculty of Commerce and Administration Offices

<http://www.victoria.ac.nz/fca/studenthelp/Contactus.aspx>

Manaaki Pihipihinga Programme

http://www.victoria.ac.nz/st_services/mentoring/


Programme and Readings

MMBA516 CORPORATE FINANCE COURSE SCHEDULE			
DATES	SESSION TOPICS	READINGS	SUBMISSIONS
WEEK 1			
Wed 15 July 5.40 – 7.30pm	Introduction	Chap 1: BMA	
WEEK 2 INVESTING DECISIONS			
Wed 22 July 5.40 – 7.30pm	Net Present Values Are Everything	Chap 2,3: BMA	SPA#1 Due 11.00pm Tues 21 July
WEEK 3			
Wed 29 July 5.40 – 7.30pm	Net Present Values Are Not Everything	Chap 6, 7: BMA CMB: Reading 1	SPA#2 Due 11.00pm Tues 28 July
WEEK 4			
Wed 5 Aug 5.40 – 7.30pm	Risk	Chap 8 BMA CMB: Reading 2	SPA#3 Due 11.00pm Tues 4 Aug
WEEK 5			
Wed 12 Aug 5.40 – 7.30pm	CAPM	Chap 9: BMA CMB: Reading 3	SPA#4 Due 11.00pm Tues 11 Aug
WEEK 6			
Wed 19 Aug 5.40 – 7.30pm Thurs 20 Aug 10.30 – 11.30am	CAPM		

MMBA516 CORPORATE FINANCE COURSE SCHEDULE			
Mid-trimester Break: 24 Aug – 4 Sept			
DATES	SESSION TOPICS	READINGS	SUBMISSIONS
WEEK 7 FINANCING DECISIONS			
Wed 9 Sept 5.40 – 7.30pm Thurs 10 Sept 12.30 – 2.00pm	Market Efficiency <i>Class Lunch⁽¹⁾</i>	Chap 14: BMA CMB: Reading 4	SPA#5 Due 11.00pm Tues 8 Sept
WEEK 8			
Wed 16 Sept 5.40 – 7.30pm Thurs 17 Sept 12.30 – 2.00pm	Market Efficiency <i>Finance Happy Hour⁽¹⁾</i>		
WEEK 9			
Wed 23 Sept 5.40 – 7.30pm	Options	Chap 21: BMA CMB: Reading 2 (pp20-21) Reading 5	
WEEK 10			
Wed 30 Sept 5.40 – 7.30pm Thurs 1 Oct 10.30 – 11.30am	Debt <i>Finance Happy Hour⁽¹⁾</i>	Chap 18 BMA CMB: Reading 6 Reading 7	
WEEK 11			
Wed 7 Oct 5.40 – 7.30pm	Managing Risk	Chap 27: BMA CMB: Reading 8	
WEEK 12			
Wed 14 Oct 5.40 – 7.30pm	Going Forward Exam Preparation		

(1) Location: *Latitude 41*, Queen's Wharf

BMA: Brealey, R. A., Myers, S. C. and F. Allen, *Corporate Finance*, 9th ed., International Edition, McGraw-Hill Irwin, 2008.

CMB: Course Materials Book.